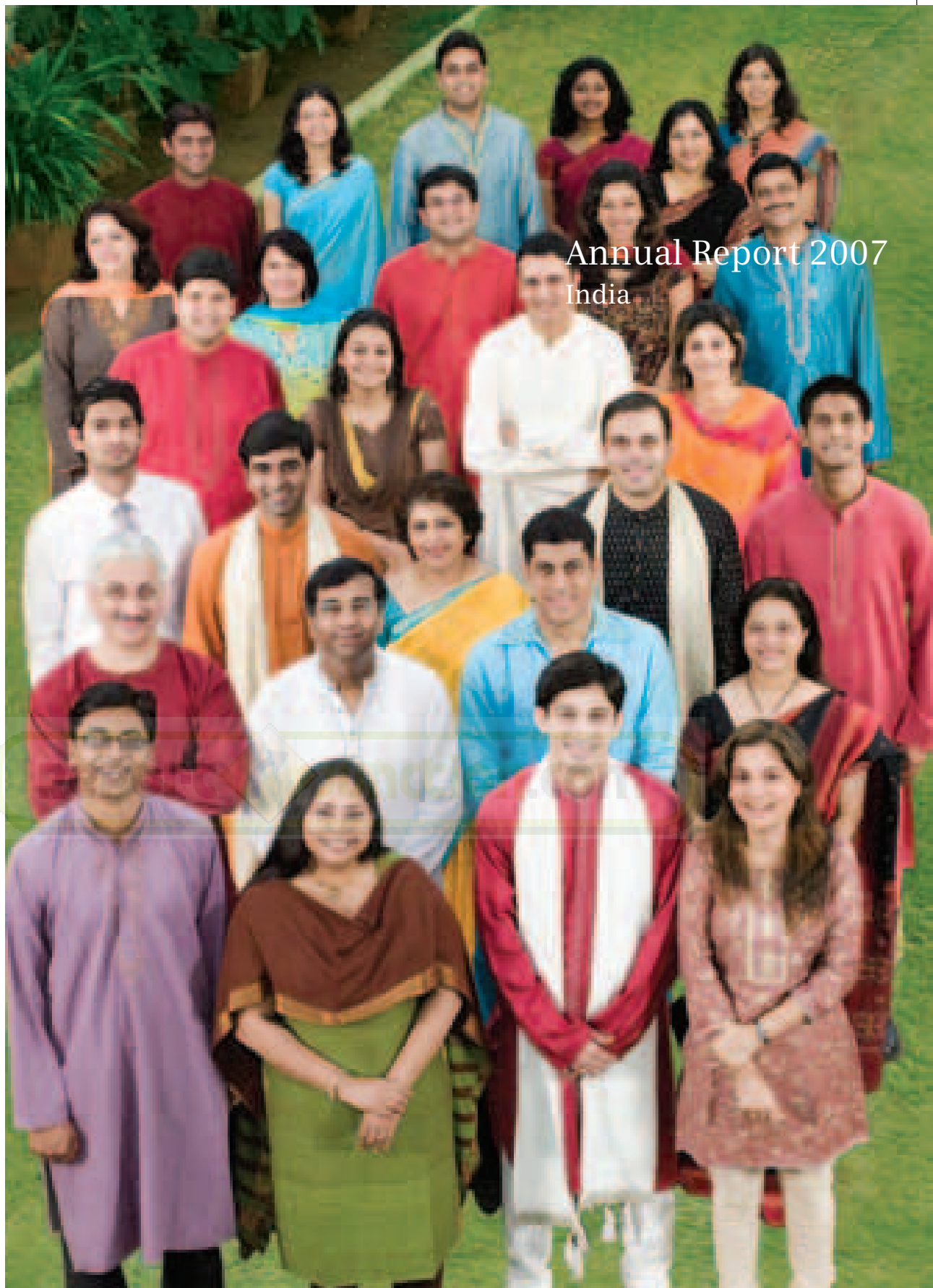




Annual Report 2007 India

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Financial Highlights - Siemens Ltd.

	2006-07	2005-06	2004-05	2003-04	2002-03
* Orders received	95720	82025	41233	30142	16754
* Sales	77268	45103	27485	17900	14245
* Profit before tax	8742	5055	3631	2299	1968
As % of sales	11%	11%	13%	13%	14%
* Profit after tax	5965	3601	2548	1514	1394
As % of sales	8%	8%	9%	8%	10%
** Net worth per share^	94.37	64.48	47.12	182.92	148.18
** Earning per share	35.39	21.36	15.72	45.68	42.06
* Dividend	809	641	481	298	249
Dividend %	240%	190%	145%	90%	75%
Debt/equity ratio	-	-	-	-	0.01: 1
* Investment in fixed assets	2574	843	277	314	243
No. of employees	6505	5971	4777	4094	3811
No. of shareholders	100135	79118	31315	31842	39197

* Rs. In millions

** Rupees

^ From 21st June, 2006 face value is Rs.2 per share (Upto 2003-04 Face value was Rs.10 per share)



Chairman's Statement

Dear Shareholders,

As India celebrates its 60th year of Independence, our nation is exhibiting a new spirit of optimism and enterprise across all areas of its economy, on the back of an unprecedented 'economic awakening'. This transformation has been the result of an ongoing programme of liberalization over the last decade, and a greater integration with the world economy. A combination of factors such as strong macroeconomic fundamentals, a rich resource of intellectual manpower and the outsourcing boom have interacted positively with each other and transformed India into a globally competitive force.

Perhaps the most heartening aspect of this impressive growth has been its sustainability. India, which is Asia's third-largest economy, has averaged 8.6% growth a year for the past four years. Our nation recorded an average GDP growth rate of 7.6% during the Tenth Plan (2002-07). This is the highest we have achieved in any Plan period and it reflects that a significant acceleration in growth has taken place. Our stock market too, crossed the \$1 trillion mark in market capitalization this year. When the BSE Sensex recently crossed the 20,000 mark, it signified a psychological benchmark for our nation – previously used to negative numbers in poverty line and low human development index. And it also reaffirmed the long-term profit growth rates of Indian corporates. With both the manufacturing and services sectors showing dynamism – global majors, including our parent company in Germany, have rightly placed our nation at the top of their priority list.

Here at Siemens, we celebrated an important landmark in the history of our company – namely our 50th year of incorporation. Siemens Ltd. was also ranked at number 4 by BusinessWeek in its list of Asia's 50 best performing companies. This study has been conducted by the magazine on the top-performing companies in Asia based on parameters such as robust revenue growth, profitability as well as shareholder returns.

The year was filled with many successes and many changes. It is with a great sense of achievement and pride that I share with you some of my key observations.

Performance Highlights

During the year under review, our company has grown rapidly and profitably, as evidenced by a strong financial performance. For the financial year ended September 2007, Sales Turnover increased by 71% and rose to Rs.77,268 million (Rs.7,727 crore), as compared to Rs.45,103 million (Rs.4,510 crore) in the corresponding period of the previous year. Our company has turned in an impressive operational performance with Profit Before Tax standing at Rs.8,742 million (Rs.874 crore), a healthy rise of 73% over the previous year. Our Profit After Tax recorded a value of Rs 5,965 million, an increase of 66%. While New Orders grew by 23% over the last year, the Unexecuted Order Value position as of September 2007 grew by 25% and stood at Rs.94,074 million. For the year ended September 2007, our exports turnover contributed to 32% of our total turnover. In fact, our exports turnover has grown by

more than 6 times in the last 2 years. It is important to note that our base businesses grew strongly, indicating the consistency in our year-on-year growth.

In consideration of the good results, we are recommending a dividend of 240%. During the previous fiscal, the company had recommended a total dividend of 190%. And as the time is ripe, you, our esteemed shareholders, would be very happy to know that we have also recommended a bonus share in the ratio of 1:1, with one share awarded for every share held.

Our company recorded a strong revenue growth during 2006-07 driven by a collective effort from all our businesses. Our revenues from Power and Industry were the major growth drivers contributing 44% and 27% respectively. We've had a long list of outstanding successes throughout the year. To name just a few, our Power Transmission and Distribution (PTD) division won the largest ever contract in PTD worldwide for development of the power networks in Qatar. The Industrial Solutions and Services division, with its broad-based portfolio consolidated its healthy presence in key business segments and also expanded into newer territories. In Healthcare, India's first Dual Source CT was installed at the Breach Candy Hospital, Mumbai. Our Transportation business saw the delivery of the first prototype rail rake to Mumbai Rail Vikas Corporation. This is the first of the 157 new-generation, energy-saving trains that will ply on the Mumbai suburban railway service, for which Siemens has executed all the electrical equipment. In the software arena, Siemens Information Systems Ltd, our IT arm, implemented a SAP-based, e-governance portal for the Municipal Corporation of Greater Mumbai.

Growth Drivers for Siemens

The outstanding financial performance was largely driven by a strong surge in the economy, which recorded a peak 9.4% growth during FY '06-'07, the fastest in 18 years. This growth, in turn, triggered a significant thrust for both development and upgradation of the infrastructure. There was significant capacity addition in core sectors such as power, manufacturing and services. As power is high on the Government's priority list, the growth environment remained positive for the sector. Cement and steel production remained buoyant as well, on account of the rise in construction and real estate activities across the country. The demand side continued to be robust from the transport, healthcare and information technology verticals too. These market dynamics had a positive impact on our operations and served as key growth contributors to our business divisions.

Leveraging Market Opportunities

Siemens, through its portfolio of technology solutions, was able to optimally tap into these market opportunities.

Our first level strategy was to ensure that our base businesses grew healthily. Here, we went into newer market segments and penetrated deeper into the B&C cities directly and through partners. Secondly, we participated in Mega Projects. While the base business supported our normal

growth, we went for mega projects very selectively, both in the domestic and export markets. These projects will inevitably take care of the turnover for the next 3-4 years.

We continued to strengthen our portfolio through strategic acquisitions – like iMetrex Technologies – to become the leader in the building technologies segment. At the same time, we launched new products and technologies that were very successful. We also bought the balance stake of 26% in SITS, a service company for industrial turbines.

These exciting developments will enable Siemens to benefit from collaborative initiatives, whilst the co-operative family of businesses under our Siemens One initiative, should also see new opportunities arising from the resulting synergies. At the heart of these developments, however, is the determination to provide - for our customers - a wider range of products and convenient channels through which they access our products and services.

We systematically focused on increasing the local value added structure and increased our factory capacities to support growth. To support the demand situation, we made substantial investments amounting to nearly Rs.4.5 billion (450 crores) last year in setting up new factories, upgrading our existing manufacturing facilities, modernization of our infrastructure and M&A activities.

As part of our organizational restructuring, the business of Siemens Public Communication Networks Ltd., which was a 100% subsidiary of Siemens Ltd., was sold to Nokia Siemens Networks, following the global decision to move the networks business into a new joint venture. The Enterprise Communication business (COM/EN) has been moved to a separate entity, known as Siemens Enterprise Communications Private Limited. This is now a 100% subsidiary of our parent company, Siemens AG. Similarly, the business of our Siemens VDO Automotive division has been moved into a separate entity which is now known as Siemens VDO Automotive Components Private Ltd. This was following a global decision to sell the business to Continental AG, a leading automotive player.

All our businesses continue to prosper. They have established a distinctive character, and continue to provide an exceptional combination of value, convenience and service. And I am confident that by moving forward with the market, we will build further on our successes over the coming years.

People Excellence

The commitment and motivation already evident from Siemens' own leaders and employees during 2006-07 ensured that our company saw continued progress. Our employees are the most critical resource that determines our success. Recognizing the need to identify and retain top talent and hone their business skills, we laid a special emphasis on training for managers in areas such as leadership and team building. At the same time, through several training programs, we enhanced the skill levels of our workmen, staff and engineers across all our business groups and departments.

Interestingly, today, we have a fantastic employee mix in our company. While one-third of our employees are

under 30 years (our budding youngsters), one-third are between 30 and 40 years (our experienced managers), and the remaining one-third are above 40 years (our senior management & leadership team).

The Booming Economy: Growth Avenues

The Government has set a growth target of 9% for the Eleventh Plan (2007-2012). To sustain these growth levels over the long-term, infrastructure in critical areas such as power, roads, ports, airports and railways will have to see a major turnaround. However, the reality is that because of high growth, our infrastructure deficiencies have become more visible in the form of chronic power shortages - and congested transport services, with roads, ports and airports choked with traffic and goods.

In the power sector, India expects to add a capacity of 80,000 MW by 2012 and provide power for all. To attain this ambitious target, the Government had outlined a proposal for nine ultra mega power projects (each project having a capacity of 4,000 MW or more). Till date, only two of these UMPs have taken off the ground. In addition, there is an acute shortfall of power equipment and also skilled manpower. However, the Union Power Ministry is positive that the power sector's target of 80,000 MW could be reached in the 11th five-year plan. So far, orders have been placed for 56,000 MW, while the remaining is slated to be completed by March 2008.

As the thrust for capacity addition gains momentum, Siemens is ideally placed to support the Government in its ambitious plans of providing power to all. We are keeping a close watch on the pulse of this vital sector and expect to participate in development of the sector.

In the Industry arena, a high and sustained growth is envisaged in the production and consumption of cement during the next few years. And steel and cement companies, along with new players, are planning to invest over Rs.38,000 crore in three to five years in new projects to tap the boom in cement demand. In this milieu, Siemens Industrial Solutions & Services division, with its traditional strengths, is ideally positioned to tap in to the market opportunities for capacity addition requirements.

Air connectivity is a vital component to infrastructure development. In the domestic aviation sector, investments to the tune of 150 billion are expected over the next 10 years, which would transform it into a sunrise sector. It is proposed that airports in India, which currently number 81, are expected to increase to 108 airports in the next couple of years, and to 500 airports in the near future. Siemens, with its ongoing presence and expertise in both the Bangalore International Airport and also the Delhi International Airport, is keenly exploring potential opportunities for airport solutions that may crop up from this booming sector.

In order to maintain the high growth of the economy and also to boost trade, the domestic rail infrastructure is also being upgraded. The government has approved two rail freight corridors to be built at a cost of Rs.281.81 billion (\$7.15 billion) over the next five years. In addition, major Indian cities are also looking at the potential of Metro Rail as a means to supplement their suburban transport requirements. In this vibrant scenario, Siemens with its

portfolio of rail transport technologies is keenly studying the market to tap into these opportunities.

The Road Ahead: Challenges & Opportunities

While the economy has been experiencing a number of 'positives,' concerns remain over the impact of recent developments. In the international arena, global petroleum prices are almost nudging the \$100 per barrel mark. And the Indian rupee has appreciated 12.5% against the dollar in the past year. Owing to a combination of factors, the Indian economy grew slower at 8.9% in the second quarter (July-September 2007), substantially lower than the 10.2% growth in the same quarter last year. While there has been a moderation in the growth of the economy, investment continued to accelerate, ensuring that the growth momentum would be sustained. The economy is expected to be resilient and maintain its strong growth momentum, with a projected GDP growth of 8.9% for the coming fiscal.

India is sitting on a huge work-in-progress as a number of capacity expansion projects are under way in almost all the industries, particularly in petroleum refining, cement, steel and automobiles. At the same time, huge investments are lined up for building the infrastructure in areas such as petroleum exploration and production, power generation and electrical equipment, construction, heavy engineering and similar industries.

In order to execute these projects, the Government of India has scaled up its target for infrastructure spends to 9% of GDP by fiscal 2012. This target of investment outlined adds up to around \$500 billion over a five-year period. In addition, a host of new initiatives are being explored to attract more private investments, and policies are also being evolved to monitor and speed up public investment projects.

Conclusion

Going forward, we see a huge potential for growth in the booming Indian economy, especially in areas of infrastructure. We will continue to strengthen our focus in the domestic as well as the export market. The new world-wide President and CEO of Siemens AG, Mr. Peter Loescher visited India, twice within the first 100 days of his assuming office. During this time, he clearly amplified that Siemens India was a growth pillar in Asia, on par with China and has set a challenging goal of doubling the revenues in three years.

Even as we pursue our growth targets, we ensure that our hearts remain tuned ever so close to the ground realities, especially in the area of social responsibility. We continue to remain intensely committed to our CSR projects; be it the Tsunami Rehabilitation initiative, the St. Catherine's Home orphanage at Mumbai or the Seva Chakkara Ashrama in Chennai. We also have on our rolls 50 employees with 'special needs' at Siemens Information Processing Services Pvt. Ltd. And our experience so far has been great in this regard.

I am pleased to share with you an important top level Management change. Dr. Armin Bruck, who is currently a Whole-time Director on the Board of Siemens Ltd. since October 1st 2007, responsible for the Energy business has

been named as the successor to Mr. Juergen Schubert. He takes over as the next Managing Director with effect from January 1st 2008. To facilitate the smooth transition, Mr. Schubert will continue to support the Board till the end of January 2008.

Dr. Bruck, 44 has been with Siemens for over 20 years and has worked in various Business Groups in Germany and abroad. He has rich international experience, specially in Asia, which is a great advantage. I am sure that Dr. Bruck will leverage his incisive managerial skills to steer Siemens Ltd. into a steady and prosperous future. I would like to welcome him on the Board of Siemens Ltd. and congratulate him in taking up a new and larger role.

Mr. Schubert came to India in 1996 at a time when the Company was passing through a tough period. Within the first few weeks, he outlined a restructuring program and successfully brought the company back to profitability in a short span of two years. Due to his highly customer centric approach, he had an excellent understanding of the markets and its success drivers. As an ambassador for India's engineering capabilities, he drew up an investment led growth strategy with a strong focus on strengthening the local manufacturing base in India, to serve the domestic as well as export markets. Today, the Company is a Center of Competence for several products manufactured locally.

Dear Shareholders, Mr. Schubert's contribution to Siemens is immeasurable as he has etched an important era in the history of Siemens in India, bringing it to a glorious peak as never before. And, it is at this high point that he chooses to hand over the baton. We are immensely thankful to Mr. Schubert for his outstanding contribution over these years, which has brought the Company into the 'Champion's League', not only in the Siemens world, but also on independent standing in Asia. Today, Siemens is one of the most respected and valued companies in India with an excellent reputation and image.

As he moves onwards in life to pursue his personal goals and interests, let us thank him for his tremendous and valuable contribution. We will certainly miss his charismatic leadership and wish him the very best for the future.

I would like to take this opportunity to sincerely thank all my colleagues on the Board, the Siemens Management Team and specially all the Staff and Workers who have yet again turned out a fantastic year. Because of this, you, as our investors, stand to benefit. Together with our employees, I am confident that we, at Siemens, can attain success in all our ventures and reach the impressive growth targets that we have set for ourselves.

I look forward to your continued support at every step of this journey.

Thank you.

Mumbai,
20th December 2007

Deepak S. Parekh
Chairman

Board of Directors



D. C. Shroff N. J. Jhaveri Deepak S. Parekh J. Schubert K. Wucherer Joe Kaeser K. Dadiseth Y. H. Malegam Pradip V. Nayak V. V. Paranjape V.B.Parulekar P. de Royer Armin Bruck K. R. Upili

Profile of Directors (as on 20th December, 2007)

Non-executive Directors

Mr. Deepak S. Parekh

Chairman

B. Com, FCA (England & Wales)

Date of Birth: 18.10.1944

Date of Appointment: 07.11.2003

- Bharat Bijlee Ltd.
- Borax Morarji Ltd.
- Castrol India Ltd.
- Exide Industries Ltd.
- Glaxo SmithKline Pharmaceuticals Ltd.
- HDFC Asset Management Co. Ltd.
- HDFC General Insurance Co. Ltd.
- HDFC Standard Life Insurance Co. Ltd.
- Housing Development Finance Corpn. Ltd.
- Hindustan Oil Exploration Company Ltd.
- Hindustan Unilever Ltd.
(formerly Hindustan Lever Ltd.)
- Infrastructure Development Finance Co. Ltd.
- Lafarge India Pvt. Ltd.
- Mahindra & Mahindra Ltd.
- The Indian Hotels Co. Ltd.
- Zodiac Clothing Company Ltd.

Mr. Darius C. Shroff

Director

BA (Hons.), LL.B., Solicitor

Date of Birth: 08.08.1944

Date of Appointment: 20.02.1997

- Avi-Oil India Pvt. Ltd.
- Bayer Polychem (India) Ltd.
- Bayer MaterialScience Pvt. Ltd.
- CMP Pvt. Ltd.
- GMM Pfaudler Ltd.
- Ingersoll-Rand (India) Ltd.
- Kulkarni Power Tools Ltd.
- Lubrizol India Pvt. Ltd.
- Professional Oral Care Products Pvt. Ltd.
- SKF India Ltd.
- Swiss Re Services India Pvt. Ltd.
- Unifrax India Ltd.
- UTV Software Communications Ltd.
- Warner Bros. Pictures India Pvt. Ltd.

Mr. Yezdi H. Malegam

Director

CA

Date of Birth: 24.09.1933

Date of Appointment: 01.04.1998

- ABC Bearings Ltd.
- Bharatiya Reserve Bank – Note Mudran Pvt. Ltd.
- The Clearing Corporation of India Ltd.
- FirstSource Solutions Ltd.
- Hindustan Construction Co. Ltd.
- National Stock Exchange of India Ltd.
- National Securities Clearing Corporation Ltd.
- Nicholas Piramal India Ltd.
- Tata Coffee Ltd.
- Tata Tea Ltd.

Prof. Dr. Klaus Wucherer

Special Director (Nominee of Siemens AG, Germany)

Prof. Dr.-Ing., Dr.-Ing.E.h.

Date of Birth: 09.07.1944

Date of Appointment: 01.10.2000

Mr. Stephan Schneider

Alternate Director for Prof. Dr. K. Wucherer

Certificate of Business Administration

Date of Birth: 22.03.1958

Date of Appointment: 23.07.2007

Mr. Narendra J. Jhaveri

Director

B. Com., Masters from London School of Economics

Date of Birth: 09.08.1935

Date of Appointment: 09.11.2000

- Afcons Infrastructure Ltd.
- Edelweiss Capital Ltd.
- Gujarat State Petronet Ltd.
- Hindalco Industries Ltd.
- Indian Aluminium Co. Ltd.
- Juniper Hotels Pvt. Ltd.
- Kier Afcons (India) Pvt. Ltd.
- Manipal Health System Pvt. Ltd.
- Phoenix ARC Pvt. Ltd.
- Pidilite Industries Ltd.
- Siemens Information Systems Ltd.
- Siemens Medical Solutions Diagnostics Ltd.
(formerly Bayer Diagnostics India Ltd.)
- SKF India Ltd.
- Ultra Tech Cement Ltd.
- Usha Martin Ltd.
- Voltas Ltd.

Mr. Keki Dadiseth

Director

B. Com., FCA (England & Wales)

Date of Birth: 20.12.1945

Date of Appointment: 27.01.2006

- Britannia Industries Ltd.
- ICICI Prudential Life Insurance Company Ltd.
- ICICI Prudential Trust Ltd.
- Indian Hotels Company Ltd.
- Nicholas Piramal India Ltd.
- Omnicom India Marketing Advisory Services Pvt. Ltd.
- Times Global Broadcasting Co. Ltd.

Mr. Pradip V. Nayak

Director

Degree in Economics & Politics

Read Law at Gray's Inn, London

Date of Birth: 06.09.1943

Date of Appointment: 27.01.2006

- ABN Amro Trustee (India) Pvt. Ltd.
- GlaxoSmithkline Pharmaceuticals Ltd.
- Siemens Medical Solutions Diagnostics Ltd.
(formerly Bayer Diagnostics India Ltd.)
- Vibrac Animal Health India Pvt. Ltd.

Mr. Joe Kaeser

Director

MBA

Date of Birth: 23.06.1957

Date of Appointment: 01.10.2006

Dr. Otmar Schmitt

Alternate Director for Mr. J. Kaeser

PhD in National Economics

Date of Birth: 10.09.1951

Date of Appointment: 15.12.2000

- Siemens Corporate Finance Pvt. Ltd.

Whole-time Directors**Mr. Juergen Schubert**

Managing Director and Director (up to 31.12.2007)

Dip Ing.

Date of Birth: 07.05.1947

Year of Joining: 1974

Date of Appointment: 01.10.1996

- Siemens Information Processing Services Pvt. Ltd.
- Siemens Information Systems Ltd.

Mr. Patrick de Royer

Executive Director

MBA

Date of Birth: 25.10.1951

Year of Joining: 1978

Date of Appointment: 01.01. 2001

- Flender Ltd.
- Siemens Building Technologies Pvt. Ltd. (formerly iMetrex Technologies Pvt. Ltd.)
- Siemens Corporate Finance Pvt. Ltd.
- Siemens Information Processing Services Pvt. Ltd.
- Siemens Information Systems Ltd.

Mr. Kumbakonam R. Upili

Whole-time Director

B.Com, Diploma in Business Management

Date of Birth: 20.03.1947

Year of Joining: 1964

Date of Appointment: 27.01.2006

- Siemens Corporate Finance Pvt. Ltd.

Mr. Vijay V. Paranjape

Whole-time Director

B.E.

Date of Birth: 25.07.1948

Year of Joining: 1971

Date of Appointment: 01.02.2007

- Flender Ltd.

Mr. Vilas B. Parulekar

Whole-time Director

B.E.

Date of Birth: 25.07.1949

Year of Joining: 1971

Date of Appointment: 01.02.2007

Dr. Armin Bruck

Whole-time Director (from 01.10.2007 to 31.12.2007)

Managing Director (from 01.01.2008)

PhD in Operations Research

Business Degree in Economics and Informatics

Date of Birth: 06.02.1963

Year of Joining: 1987

Date of Appointment: 01.10.2007

- Siemens Building Technologies Pvt. Ltd. (formerly iMetrex Technologies Pvt. Ltd.)
- Siemens Information Processing Services Pvt. Ltd.
- Siemens Information Systems Ltd.

Company Secretary**Mr. Ashok Jangid**

Vice President and Company Secretary

B.Com, LL.B, FCS

Date of Birth: 21.09.1960

Year of Joining: 1982

Date of Appointment: 14.12.1996

- Siemens Enterprise Communications Pvt. Ltd.
- Siemens Hearing Instruments Pvt. Ltd.
- Siemens Nixdorf Information Systems Pvt. Ltd.
- Winergy Drive Systems India Pvt. Ltd.

Note: The information is given under the following heads:

Name, Position, Qualifications, Date of Birth, Year of Joining Siemens (for Whole-time Directors and Company Secretary), Date of Appointment as Director / Company Secretary and Other Directorships in India (including Alternate Directorships)